

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name WHITE LAKE AMBULANCE AUTHORITY	County MUSKEGON
Audit Date 6/30/05	Opinion Date 9/14/05	Date Accountant Report Submitted to State: 10/04/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

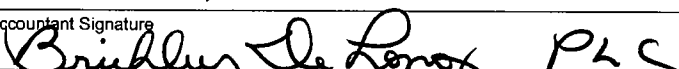
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Brickley DeLong, PLC			
Street Address 500 Terrace Plaza, P.O. Box 999		City Muskegon	State MI
		ZIP 49443-0999	
Accountant Signature 			Date 10/04/05

White Lake Ambulance Authority
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2005

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White Lake Ambulance Authority

Management's Discussion and Analysis

This section of the White Lake Ambulance Authority (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended June 30, 2005. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand White Lake Ambulance Authority financially as a whole. The basic financial statements are comprised of the following elements:

Management's Discussion and Analysis (MD&A)

(Required Supplemental Information)

Basic Financial Statements

Financial Statements

Statement of net assets

Statement of revenues, expenses and changes in net assets

Statement of cash flows

Notes to the Basic Financial Statements

The statement of net assets provides balance as of the end of the reporting period. The statement of revenues, expenses, and changes in net assets provides information related to the activities of the Authority during the year. The statement of cash flows presents detailed information about the Authority's cash collection and disbursement.

Financial Overview

Recall that the statement of net assets provides the perspective of the Authority as a whole.

Statement of Net Assets	<u>2005</u>	<u>2004</u>	<u>Change</u>
Assets			
Current and other assets	\$ 555,862	\$ 386,475	\$ 169,387
Capital assets	<u>197,161</u>	<u>193,207</u>	<u>3,954</u>
Total assets	<u>753,023</u>	<u>579,682</u>	<u>173,341</u>
Liabilities			
Current liabilities	21,627	12,913	8,714
Long-term liabilities	<u>38,437</u>	<u>37,171</u>	<u>1,266</u>
Total liabilities	<u>60,064</u>	<u>50,084</u>	<u>9,980</u>
Net Assets			
Invested in capital assets	197,161	193,207	3,954
Restricted for capital assets	95,150	81,453	13,697
Unrestricted	<u>400,648</u>	<u>254,938</u>	<u>145,710</u>
Total net assets	<u>\$ 692,959</u>	<u>\$ 529,598</u>	<u>\$ 163,361</u>

The above analysis focuses on the change in the statement of net assets. Current and other assets increased by \$169,387 due to a positive increase in net assets for the year. Current liabilities increased by \$8,714 primarily due to the normal fluctuation in the payment of liabilities. Net asset restricted for capital assets increased due to normal monies set aside for purchase of capital assets in the future. Unrestricted net assets increased by \$145,710. This increase was the result on positive change in overall net assets of \$163,361. The \$692,959 in net assets of governmental activities represents the accumulated results of all past years' operations.

The results of this year's operations for the Authority are reported in the statement of activities, which shows the changes in net assets for fiscal year 2005.

<u>Statement of Activities</u>	<u>2005</u>	<u>2004</u>	<u>Change</u>
Operating revenues			
Charges for services	\$ 741,191	\$ 580,786	\$ 160,405
Other revenues	4,404	2,887	1,517
	<u>745,595</u>	<u>583,673</u>	<u>161,922</u>
Operating expenses			
Salaries and wages	395,076	361,887	33,189
Fringe benefits	114,567	97,172	17,395
Bad debts and discounts	275,085	221,629	53,456
Depreciation and amortization	47,443	52,144	(4,701)
Other operating expenses	131,422	108,248	23,174
Total operating expenses	<u>963,593</u>	<u>841,080</u>	<u>122,513</u>
Operating loss	(217,998)	(257,407)	39,409
Nonoperating revenues			
Property taxes	348,438	-	348,438
Other nonoperating revenues	32,921	129,362	(96,441)
Total nonoperating revenues	<u>381,359</u>	<u>129,362</u>	<u>251,997</u>
Change in net assets	163,361	(128,045)	291,406
Net assets at beginning of year	<u>529,598</u>	<u>657,643</u>	<u>(128,045)</u>
Net assets at end of year	\$ <u>692,959</u>	\$ <u>529,598</u>	\$ <u>163,361</u>

The above analysis of the statement of activities highlights focuses on the changes in the statement of activities. During the year, the Authority had a significant increase in charges for services revenues as a result of an increase in call volume. A number of operating expenses also experienced significant increase from the prior year. Salaries and wages increased due to merit raises and normally scheduled wage increases. Fringe benefits increased significantly due to an approximately 20% increase in health insurance costs along with a 100% increase in workers compensation insurance costs. Bad debts and discounts increased due to the increase in call volume. However, this increase was partially offset by an increase in patients served with private insurance. Other operating expenses increased due to normal inflationary increases, expenses related to a one-time grant and a large increase in gasoline costs.

The net affect of all these items was that the operating loss was decreased by \$39,409 to an operating loss of \$217,998. This operating loss was completely offset by a new property tax levy passed in 2004. This new property tax levy replaced the contributions from participating units and provided additional funds. The Authority ended the year with a positive change in fund balance of \$163,361.

Capital Asset and Debt**Capital Assets**

At June 30, 2005, the Authority had \$197,161 (after accumulated depreciation) invested in a broad range of capital assets, including equipment and leasehold improvements. This amount represents a net increase (including additions, deductions, and depreciation) of \$3,953 from last year. The capital asset increase was the result of the final installment on a new ambulance that was placed in service in during the year. In addition, a truck was contributed to the authority during the year by another governmental entity.

Debt

The Authority's debt consists entirely of compensated absences. The compensated absences policy has been capped, and the increase in the dollar amount is due to salary and wage increases.

Economic Factors

The Authority had an overall positive year last year due to a large increase in call volume, a positive mix of patient insurance mix and the additional revenues provided by the new property tax levy. The Authority has adopted a budget indicating an increase in net assets for fiscal year 2006. However the Authority still has an operating loss before property taxes and various items could change this overall outlook for the year such as:

1. Changes in call volume, which can fluctuate from year to year
2. A positive or negative change in mix of patients with health insurance
3. Increased operating insurance costs
4. Increased employee salaries and wages, and fringe benefits
5. Increased costs in recruiting employees and cost of continuing education
6. Aging population with more patients who are insured by Medicare and Medicaid programs which provide for a reduced reimbursement rates for services billed.

The Authority has improved its financial condition with the new property tax levy, but we could be negatively affected by various trends in reimbursement rates or changes in the Medicare and Medicaid programs

Contacting the Authority Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those interested in the Authority's finances. If you have any questions about this report or need additional information, contact the White Lake Ambulance Authority at 119 S. Baldwin, Whitehall, MI 49461.

BRICKLEY DeLONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

September 14, 2005

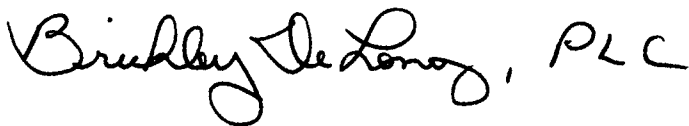
Board of Directors
White Lake Ambulance Authority
Whitehall, Michigan

We have audited the accompanying financial statements of White Lake Ambulance Authority as of and for the year ended June 30, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White Lake Ambulance Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Lake Ambulance Authority, as of June 30, 2005, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through iii is not a required part of the basic financial statement but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



White Lake Ambulance Authority
STATEMENT OF NET ASSETS
June 30, 2005

ASSETS

CURRENT ASSETS

Cash and investments		\$ 297,411
Accounts receivable	\$ 265,996	
Less allowance for doubtful accounts	<u>(119,500)</u>	146,496
Prepaid expenses		<u>16,805</u>
Total current assets		460,712

NONCURRENT ASSETS

Restricted cash		95,150
Capital assets, net of depreciation		<u>197,161</u>
Total noncurrent assets		<u>292,311</u>
Total assets		753,023

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		5,659
Accrued liabilities		<u>15,968</u>
Total current liabilities		21,627

NONCURRENT LIABILITIES

Compensated absences		<u>38,437</u>
Total liabilities		<u>60,064</u>

NET ASSETS

Invested in capital assets		197,161
Restricted for capital assets		95,150
Unrestricted		<u>400,648</u>
Total net assets		<u><u>\$ 692,959</u></u>

The accompanying notes are an integral part of these statements.

White Lake Ambulance Authority
**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**
For the year ended June 30, 2005

Operating revenues	
Charges for service	\$ 741,191
Other	4,404
	<u>745,595</u>
Operating expenses	
Salaries and wages	395,076
Fringe benefits	114,567
Bad debts and discounts	275,085
Depreciation and amortization	47,443
Rental and lease expense	9,050
Operating supplies	16,344
Gasoline	10,028
Building and equipment maintenance	12,176
Office supplies	7,142
Insurance and bonds	15,431
Communications	25,813
Utilities	4,058
Education and training	1,935
Professional fees	7,592
Small equipment	3,511
Other	18,342
	<u>963,593</u>
Operating loss	(217,998)
Nonoperating revenues	
Investment earnings	4,007
Property taxes	348,438
Intergovernmental revenues - federal	5,164
Contributions from other governmental units	17,650
Gain on sale of capital assets	6,100
	<u>381,359</u>
CHANGE IN NET ASSETS	163,361
Net assets at July 1, 2004	<u>529,598</u>
Net assets at June 30, 2005	\$ <u><u>692,959</u></u>

The accompanying notes are an integral part of these statements.

White Lake Ambulance Authority
STATEMENT OF CASH FLOWS
For the year ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 439,251
Payments to suppliers	(226,812)
Payments to employees	(390,428)
Net cash used by operating activities	<u>(177,989)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property taxes	348,438
Intergovernmental revenues - federal	5,164
Net cash provided by noncapital financing activities	<u>353,602</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(33,747)
Proceeds from sale of capital assets	6,100
Net cash used by capital and related financing activities	<u>(27,647)</u>

CASH FLOW FROM INVESTING ACTIVITIES

Investment earnings	<u>4,007</u>
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INCREASE IN CASH AND INVESTMENTS	151,973
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Cash and investments at July 1, 2004	<u>240,588</u>
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Cash and investments at June 30, 2005	<u><u>\$ 392,561</u></u>
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Reconciliation of cash and investments to the balance sheet

Cash and investments	\$ 297,411
Restricted cash	<u>95,150</u>
	<u><u>\$ 392,561</u></u>

Reconciliation of operating loss to net cash used for operating activities

Operating loss	\$ (217,998)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization	47,443
Allowance for doubtful accounts	(5,000)
Funds for operations	<u>(175,555)</u>

Change in assets and liabilities

Accounts receivable	(26,262)
Prepaid expenses	13,848
Accounts payable	3,071
Accrued liabilities	5,643
Compensated absences	<u>1,266</u>

Net cash used for operating activities	<u><u>\$ (177,989)</u></u>
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Noncash capital activities

Contribution of capital asset from another governmental unit	\$ 17,650
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The accompanying notes are an integral part of these statements.

White Lake Ambulance Authority
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the White Lake Ambulance Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance. The more significant of the Authority's accounting policies are described below.

1. Reporting Entity

The White Lake Ambulance Authority is incorporated under the provisions of Act 57, Public Acts of 1988 in Michigan, for the purpose of providing emergency medical services, equipment, and ambulance services to the incorporating governmental units.

2. Basis of Accounting

Financial activities of the Organization are accounted for using the accrual basis of accounting.

3. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this standard, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standard also provides that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Authority intends to hold the investment until maturity.

The Authority has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Authority to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and utilization of historical loss amounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Property taxes are levied on December 1, and are due without penalty on or before February 14. The property taxes attach as an enforceable lien on property as of December 1. Uncollected real property taxes as of the following March 1 are turned over by the participating municipalities to the County for collection. The County advances the Authority all of these delinquent real property taxes. Collection of delinquent personal property taxes as of March 1 remains the responsibility of the Authority. The 2004 state taxable valuation for real/personal property of the Authority total was approximately \$553,000,000. The ad valorem taxes levied consisted of 0.625 mills for operating purposes.

White Lake Ambulance Authority
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

3. Assets, Liabilities and Net Assets or Equity—Continued

Capital Assets

Capital assets, which include plant and equipment are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-10
Leasehold improvements	6-9

Compensated Absences

The Authority's employees are granted vacation and sick leave in varying amounts based upon length of service and position. Unused vacation and sick leave do not accumulate from year to year. However, prior to August 1, 2002, sick leave accumulated in varying amounts for different categories of employees up to 600 hours. This unused accumulated sick leave is paid at the employee's current hourly rates upon retirement.

Net Assets

Reserved net assets represent amounts that are not appropriable or are legally segregated for a specific purpose. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use the restricted resources first, then unrestricted resources as needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTE B—DEPOSITS AND INVESTMENTS

Interest rate risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by a nationally recognized statistical rating organizations (NRSROs). The Authority has no investment policy that would further limit its investment choices.

White Lake Ambulance Authority
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

NOTE B—DEPOSITS AND INVESTMENTS—Continued

Concentration of credit risk. The Authority does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of June 30, 2005, \$122,906 of the Authority's bank balance of \$494,532 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments. The Authority does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk. The Authority is not authorized to invest in investments which have this type of risk.

NOTE C—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Capital assets, being depreciated:				
Equipment	\$ 536,285	\$ 51,396	\$ 68,250	\$ 519,431
Leasehold improvements	<u>49,377</u>	<u>-</u>	<u>-</u>	<u>49,377</u>
Total capital assets, being depreciated	585,662	51,396	68,250	568,808
Less accumulated depreciation for:				
Equipment	356,209	45,055	68,250	333,014
Leasehold improvements	<u>36,245</u>	<u>2,388</u>	<u>-</u>	<u>38,633</u>
Total accumulated depreciated	<u>392,454</u>	<u>47,443</u>	<u>68,250</u>	<u>371,647</u>
Capital assets, net	\$ <u>193,208</u>	\$ <u>3,953</u>	\$ <u>-</u>	\$ <u>197,161</u>

NOTE D—COMMITMENTS

The Authority leases a facility from the City of Whitehall, a participating governmental unit, under a fifteen-year agreement requiring quarterly rentals of approximately \$2,300 through March 2009 and the payment of occupancy expenses by the lessee. The total rental expense was \$9,050 for the year ended June 30, 2005. The lease may be renewed for an additional fifteen years at a rental rate sufficient to meet occupancy and maintenance costs of the building.

White Lake Ambulance Authority
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

NOTE E—DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Authority employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. Total contributions to the plan were \$9,286 for the year ended June 30, 2005.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

NOTE F—RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no losses in excess of insurance coverage in the prior three years.

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

September 14, 2005

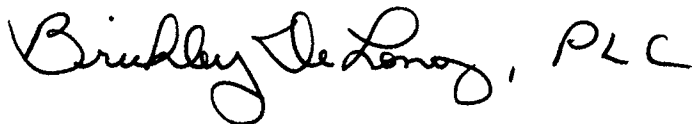
Board of Directors
White Lake Ambulance Authority
Whitehall, Michigan

In planning and performing our audit of the financial statements of White Lake Ambulance Authority for the year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the White Lake Ambulance Authority's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. We have attached a summary of such reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we do not believe the attached reportable conditions are material weaknesses.

This report is intended solely for the information of the Board of Directors, management, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Brickley DeLong, PLC". The signature is written in a cursive, flowing style.

REPORTABLE CONDITIONS

Recommendation 1: Bank statements should be received directly and reviewed by the Ambulance Director prior to the bank reconciliation procedure being performed by the bookkeeper.

During our audit, we noted that the bank statements are provided to the accountant without prior review by a responsible individual. In addition to reconciling the checking account, the accountant also prepares disbursement checks and maintains the accounting records for all cash receipts and disbursements.

The review of bank statements by the Director prior to the bank reconciliation procedure would increase management's ability to isolate any significant errors or irregularities within the cash function by investigating any unusual items contained in the bank statements.

Recommendation 2: Bank reconciliations should be reviewed and approved by the Ambulance Director.

Bank account reconciliations are presently not being reviewed and approved by an appropriate administrator. This review procedure is to determine whether all bank and general ledger activity for each month has been properly reconciled and that any unusual reconciling items have been investigated and resolved.

The review and approval of bank reconciliations by an appropriate official would strengthen the review process of cash transactions.

Recommendation 3: The Authority should request all cancelled checks from the bank either in electronic or picture form.

During our testing, we noted the Authority does not receiving their cancelled checks from the bank.

The receipt of cancelled checks in some form would help improve the internal control function.

Recommendation 4: Internal controls over journal entries should be improved by requiring documented journal entry approval.

During our audit, we noted that no review process exists for approving of journal entries. All entries are made by the accountant without oversight.

The strengthening of internal controls over journal entries would reduce the opportunity for errors and the misappropriation of assets to go undetected.

We consider the following reportable conditions contained in our January 6, 2003 letter as still applicable.

Recommendation 2: The accounts receivable subsidiary ledger should be reconciled to the general ledger monthly.